



STATE BOARD OF EQUALIZATION  
PROPERTY AND SPECIAL TAXES DEPARTMENT  
450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064  
916 445-4982 • FAX 916 323-8765  
[www.boe.ca.gov](http://www.boe.ca.gov)

CAROLE MIGDEN  
First District, San Francisco

BILL LEONARD  
Second District, Ontario

CLAUDE PARRISH  
Third District, Long Beach

JOHN CHIANG  
Fourth District, Los Angeles

STEVE WESTLY  
State Controller, Sacramento

TIMOTHY W. BOYER  
Interim Executive Director

October 24, 2003

TO INTERESTED PARTIES:

UPDATE OF PROPOSED CHANGES TO PROPERTY TAX RULE 462.500

An interested parties meeting was held on July 21, 2003, to discuss proposed changes to Property Tax Rule 462.500, *Change in Ownership of Real Property Acquired to Replace Property Taken by Governmental Action or Eminent Domain Proceedings*. At that meeting, while county representatives opposed the petition by Mr. Terry L. Polley, it was acknowledged that the proposal identified several problems with respect to the current rule that should be addressed and clarified. It was generally agreed that the words in the Constitution and statute are vague and that the guidance is limited.

More specifically, the meaning of the terms "size, function, and utility" as the requirements for comparability of the replacement property were openly discussed and the participants indicated an interest in finding a middle ground to resolve the issues. Staff committed to perform a thorough review of all legal opinions issued by the Board that involved the comparability issue and summarize the results in a matrix format. Staff further agreed to draft a proposed regulation together with the assistance and feedback of the participants.

A matrix that summarizes and categorizes the legal opinions involving comparability has been posted to the Board's Web site. On or before November 26, 2003, staff will distribute draft language of the proposed rule. The final proposal is tentatively scheduled to be brought to the Property Tax Committee in March 2004.

The second interested parties meeting will be held on Monday, January 12, 2004, 9:30 a.m., at the Board's headquarters in Sacramento, 450 N Street, Room 122. All documents concerning this project, including the matrix and legal opinions listed therein, will be posted to the Board's Web site at [www.boe.ca.gov/proptaxes/ptr462500.htm](http://www.boe.ca.gov/proptaxes/ptr462500.htm).

Please submit any comments to Ms. Glenna Schultz at [glenna.schultz@boe.ca.gov](mailto:glenna.schultz@boe.ca.gov) by Monday, November 3, 2003. If you have any questions, please contact either Ms. Schultz at (916) 324-5836 or Mr. Paul Steinberg at (916) 322-1057.

Sincerely,

/s/ Dean R. Kinnee

Dean R. Kinnee, Chief  
Assessment Policy and Standards Division

DRK:grs